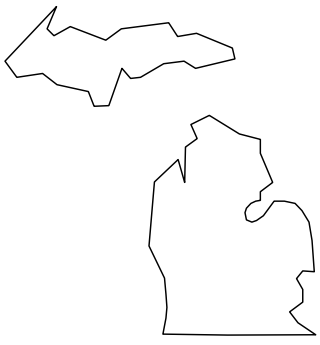
DEPARTMENT OF COMMUNITY HEALTH

FOLLOW-UP REVIEW
OF THE CARO CENTER
OAG PERFORMANCE AUDIT



Michigan Department of Community Health
Office of Audit
Special Audits, Review and Compliance Section

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JANET OLSZEWSKI
DIRECTOR

October 25,2007

Ms. Janet D. Olszewski, Director
Department of Community Health
Capitol View Building, 7th Floor
201 Townsend Street
Lansing, Michigan 48933

Dear Ms. Olszewski:

This is our report on the results of our follow-up review of the findings and recommendations contained in the Office of the Auditor General's Performance Audit of the Caro Center.

This report contains an introduction; background information; review scope and methodology; and follow-up conclusions.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Pam Myers, Acting Director
Office of Audit

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INTRODUCTION

This special report contains the results of our follow-up review of the findings and recommendations reported in the Office of the Auditor General (OAG) Performance Audit of the Caro Center (Center) for the period of October 1, 2003 through October 31, 2005. The OAG audit report contained 13 findings and 18 corresponding recommendations. The Department of Community Health's (DCH) preliminary response indicated that DCH and the Center generally agreed with 17 recommendations and disagreed with 1 recommendation.

PURPOSE OF REVIEW

The purpose of this follow-up review was to determine whether DCH had taken appropriate steps to comply with the recommendations made in the OAG Audit Report.

BACKGROUND

The Center is an inpatient psychiatric hospital, operated under the jurisdiction of DCH, that provides treatment for adults with mental illness.

The Center, located in Tuscola County, originated as the Michigan Farm Colony for Epileptics in 1914 and has since provided services for DCH. In 1968, the Center was designated as a facility for individuals with developmental disabilities serving just four counties at that time. In 1975, the function of the Center was broadened to include psychiatric services. In 1997, the Center became a facility exclusively serving mentally ill patients.

The mission of the Center is to provide the highest quality mental health services guaranteed by the Mental Health Code in a safe and supportive environment that maximizes individual growth and a successful transition to the community.

The Center provides services for mentally ill patients from all 15 Upper Peninsula counties and 30 Lower Peninsula counties. As of August 28, 2007, the Center had the capacity to treat 242 patients. Over the last 10 fiscal years, the Center had an average daily census of 201 patients. The Center's campus consists of 47 buildings, of which 4 are open residential units and 21 are closed. Several of the closed buildings are in disrepair.

The Center is accredited by the Joint Commission on the Accreditation of Healthcare Organizations and is certified as a provider of inpatient psychiatric hospital services in the Medicare program.

For fiscal year 2005-06, the Center had operating expenditures of $32.5 million, of which 86% were personnel costs. As of August 28, 2007, the Center had 390 employees and 161 patients.

REVIEW SCOPE AND METHODOLOGY

Our review procedures were of limited scope; therefore they should not be considered an audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

Our review procedures were performed March through April of 2007, and included an examination of updates made to policy as well as interviews with applicable DCH staff.

FOLLOW-UP REVIEW RESULTS

1. Critical Incidents

The Center needs to perform ongoing reviews of its patient monitoring and security procedures to help ensure the safety of patients, staff, and other individuals. Ongoing reviews would also help ensure that procedures are current and are being followed by staff.

Recommendation

The Center perform ongoing reviews of its patient monitoring and security procedures to help ensure the safety of patients, staff, and other individuals.

DCH Preliminary Response

The Center acknowledges that two critical and unfortunate incidents involving patients occurred during the audit period, but it does not agree that the incidents were related to the Center's failure to perform ongoing reviews of its patient monitoring and security procedures as the finding suggests.

The Center's practice is to constantly review its patient monitoring and security procedures to ensure that services are provided in a safe and secure environment, for both patients and staff. However, the Center's reviews cannot be expected to anticipate and result in procedures that would prevent every conceivable type of adverse incident that may occur. The Center has made several improvements to its patient monitoring procedures and to its security as a result of these critical incidents. Further, the Center will continue its current practice of performing ongoing reviews of its patient monitoring and security procedures to help ensure the safety of patients, staff, and other individuals.

Follow-up Review Conclusion

DCH has complied with this recommendation.

The Center has established performance improvement teams that meet regularly to discuss ways to improve security, monitoring, safety, and other procedures at the facility. These teams then report to the performance improvement coordinator, who in turn summarizes the findings and reports them at the administrative leadership team meetings on a monthly basis. In the event of an unusual or critical incident an analysis to determine what caused the incident is performed to review the incident and subsequent intervention. Part of this analysis includes discussion of how the incident was handled and means of improvement. The administrative leadership team also regularly reviews policies and procedures for improvement.

The Center has made the following safety improvements to the facility: added a safety officer, installed cameras on the grounds, added extra lighting, removed trees (from the line of sight), enlarged cottage courtyards and heightened the surrounding fencing, installed sidewalks to route foot traffic in a certain pattern, and purchased police radios to facilitate communication with state and local police.

During our review we examined an incident that occurred on March 20, 2007, in which a patient went on an unauthorized leave of absence (ULOA). Based on our review, it appears that this ULOA was handled appropriately and in accordance with facility policy.

2. Criminal History Background Checks

The Center did not periodically update the criminal history background checks of employees who had direct contact with patients. Also, the Center did not ensure that criminal history background checks were completed on contract providers who had direct patient contact.

Recommendations

The Center periodically update criminal history background checks of employees who have direct contact with patients.

The Center ensure that criminal history background checks are completed on contract providers who have direct patient contact.

DCH Preliminary Response

The Center agreed that it did not periodically update criminal history background checks of employees or complete criminal history background checks on contract providers. Criminal background checks were completed on all prospective employees and the Center was in compliance with all statutory requirements regarding this issue during the period covered by the audit. Center employees are also required to self-report any criminal

convictions pursuant to the DCH published Disciplinary Guidelines and the Center has implemented a process to require criminal history background checks on all new employees and contracted providers who have direct patient contact, as required through recently enacted legislation (Act 27, P.A. 2006). The Center, in conjunction with DCH, will develop a standard policy to address criminal history background checks that comply with statutory, regulatory, and/or official DCH policy.

Follow-up Review Conclusion

The Center has partially complied with these recommendations.

The Center is unable to fully comply with the first recommendation at this time. DCH is awaiting Attorney General and the Office of the State Employer approval before pursuing criminal background checks on existing staff. Among other concerns, such as employee authorization and contract rights, there is a concern that this may violate the Elliott Larsen Civil Rights Act. Pending this approval the Center and DCH have not developed standard policy to address criminal history background checks. Until that policy is developed the Center is using the legislative bill as a guideline. This bill requires that within 24 months of the effective date of the bill (April 2008) employees of the Center must provide fingerprints to the State Police.

The Center has complied with the recommendation by ensuring that a criminal history background check was completed on all contract providers who have direct patient contact. We selected two out of seven contractual employees hired from April 2006 to April 2007 and verified that criminal background checks were performed on each of these individuals.

3. Controls Over Commodity Inventories

The Center had not established effective controls over its commodity inventories. As a result, the Center had not recorded balances for all commodity inventories and thus could not account for all commodity inventories on hand or ensure that commodity inventories were properly controlled and safeguarded.

Recommendation

The Center establish effective controls over its commodity inventories.

DCH Preliminary Response

The Center agreed with the finding and corresponding recommendation. The Center will develop an inventory system with annual random physical inventories of selected commodities, written inventory policies and procedures will be developed, food production work sheets will be completed providing assurance that food items forwarded to kitchens were actually prepared, requisition orders will be signed by staff at the time food is delivered, procedures will be developed to document the distribution of items received from other facilities, and controls will be put in place to monitor supplies and materials used by maintenance staff. The Center will weigh the potential benefit to be gained against the cost of implementing the control.

Follow-up Review Conclusion

The Center has partially complied with this recommendation.

The Center has created procedures to document the distribution of items received from other facilities, established inventory control procedures for all tools used at the facility, and created an inventory of the tools in the crib. The Center has completed the inventory of office supplies, medical supplies, electrical supplies, and paint and oils and expects to have the inventory of plumbing supplies completed by December 31, 2007.

The Center has established an inventory control process for food used in the facility kitchens. In order to test the processes developed for handling of food we selected five food items in order to trace their use through production records and the inventory control system. One of the items selected for testing from inventory records could not be traced to the quantity available in the warehouse. This leads us to believe that the Center is still not able to ensure that food commodities are being adequately tracked and controlled.

4. Controls Over Medications

The Center had not established effective controls over its medications. As a result, the Center could not verify the inventory levels of its non-controlled substances, did not have adequate safeguards over its controlled substances, and could not ensure that its drug formulary identified all medications used at the Center.

Recommendation

The Center establish effective controls over medications, including maintaining an inventory control program for its non-controlled substances, providing adequate safeguards over its controlled substances, and ensuring that its drug formulary identifies all medications used at the Center.

DCH Preliminary Response

The Center agreed with the finding and corresponding recommendation. This finding essentially reiterated the results of a DCH internal audit that was conducted regarding pharmacy operations. A work group has been established to review the issue and provide recommendations for implementing an effective inventory control program for all of the hospitals and centers. Steps have been taken to ensure appropriate separation of duties with respect to controlled substances. In addition to the licensed pharmacist, a second person is now required to initial and sign the invoices of all medications received from the distributor. The Medication Management Team has been directed to review and update the drug formulary and procedures will be developed to ensure that the drug formulary is kept current and up-to-date.

Follow-up Review Conclusion

The Center has partially complied with this recommendation.

The Center has ensured that its drug formulary identifies all medications used. The Medication Management Team is responsible for updating and maintaining the drug formulary. The current formulary in place was approved March 23, 2007. The Center has established appropriate separation of duties in the ordering and receiving process for all

medications and in the inventory process for controlled substances. The DCH pharmacy workgroup has developed draft policies and procedures, for all DCH facilities, that are currently under review. These polices include a requirement that "the Director of Pharmacy shall assign duties within the pharmacy in such a way as to allow for separation of duties to safeguard resources against waste, loss, and misuse." The Center has not created an inventory control program for its non-controlled substances. The joint effort between DCH, DOC, DMVA, and DIT has been put on hold due to the varying needs of each department and the current budget crisis. DCH is researching another option for electronic medical records which hopefully will include an inventory control module for pharmaceuticals. This issue is outside of the control of the Center.

5. Biennial Internal Control Assessment

The Center did not effectively complete its biennial internal control assessment. Also, the Center did not complete all planned control activities and monitoring activities before submitting its biennial internal control assessment to DCH. As a result, the Center could not reasonably ensure that its control activities and monitoring activities safeguarded the Center's assets, provided reliable data, promoted operating efficiencies, or encouraged adherence to prescribed managerial policies.

Recommendations

The Center effectively complete its biennial internal control assessment.

The Center complete all planned control activities and monitoring activities before submitting its biennial internal control assessment to DCH.

DCH Preliminary Response

The Center agreed with the finding and both recommendations. The Center indicated that the assessment for the next reporting period will identify specific control activities, include a conclusion whether the control activities are adequate, and will include a plan of correction for any material weaknesses that may be identified. The Center will take steps

to ensure that the control activities and monitoring activities identified in the assessment are actually being performed.

DCH Follow-up Review Conclusion

The Center has partially complied with this recommendation.

In our review of the completed biennial internal control assessment evaluation forms we found that the Center did not fully complete various portions of the forms. Revisions were made and submitted in May 2007, to correct some of these deficiencies. During our review of the corrected evaluation worksheets we noted that in some instances the monitoring activities noted were not monitoring, but rather were further controls. There was improvement in completion of the forms in comparison to prior assessments. It should be noted, that weaknesses cited in this audit have not been addressed in the evaluation forms. Although the OAG audit report was not issued until after the end of the biennial assessment period all of the weaknesses identified by the audit pertained to the assessment period and should have been addressed by the Center. All weaknesses that have not been fully complied with should have an ongoing plan of correction. The Center has taken ongoing measures to develop, revise, and improve hospital-wide systems.

6. Contract Management

The Center did not ensure that contractors obtained required permits, signed working condition statements, or documented that they had appropriate insurance coverage prior to beginning work at the Center. As a result, the Center could not ensure that the work performed by these contractors was in accordance with construction laws, that the work was done in compliance with safety standards established by the Center, or that these contractors had appropriate liability insurance to protect the Center and the State from potentially costly and damaging claims.

Recommendation

The Center ensure that contractors obtain required permits, sign working condition statements, and document that they have appropriate insurance coverage prior to beginning work at the Center.

DCH Preliminary Response

The Center agreed with the finding and corresponding recommendation. The Center has implemented procedures that will require contractors to provide copies of all the required documents when purchase agreements are processed. The Center will send a form letter to all current vendors requiring that they provide the Center with copies of all of the required documents and a notation will be attached to each purchase as a reminder to ensure that vendors provide the Center with the required information.

DCH Follow-up Review Conclusion

The Center has partially complied with this recommendation.

The Center has implemented procedures that require contractors to provide copies of all the required documents when purchase agreements are processed, including the proof of liability insurance coverage, the working conditions form, and any necessary permits. A letter is to be sent to all prospective vendors detailing these requirements. After a vendor has been selected a subsequent request for this documentation is sent. This system will require coordination among all affected areas (maintenance supervisor, receptionist, safety officer, purchasing, etc.) to achieve compliance. For instance, when an emergency occurs and work must be performed during the weekend or after hours, the purchasing agent often does not receive notification regarding the work performed until after it has been completed. By then it is not possible to obtain the proper documentation and authorizations prior to the work being performed. The Center has changed their policy so that the safety officer is to ask the vendor to sign the working conditions form prior to the beginning of work. For these emergency situations, if the requesting area does not obtain all the necessary paperwork, the purchasing agent will subsequently request documentation of the vendor's liability insurance coverage. This procedure was put in place after the OAG audit

and was finalized in March 2007. We selected six purchase orders from fiscal year 2006/07 for testing and found that one (17%) was missing the statement of working conditions, and four (67%) were missing the documentation letter that is supposed to be sent to each vendor. Thus, the Center is not yet fully compliant with their procedures and this recommendation.

7. Preventive Maintenance

The Center did not conduct all of the preventive maintenance inspections required by its preventive maintenance plan. The Center did not include all equipment and systems requiring routine maintenance in its preventive maintenance plan. As a result, the Center could not ensure that all equipment and systems were properly maintained, functioning correctly, or safe for usage.

Recommendations

The Center conduct preventive maintenance inspections as required by its preventive maintenance plan.

The Center include all equipment and systems requiring routine maintenance in its preventive maintenance plan.

DCH Preliminary Response

The Center agreed with the finding and both recommendations. The Center has met with the individuals responsible for completing the monthly and weekly preventive maintenance inspections of the Center's power plant to stress the importance of completing all of the required inspections and that an internal monitoring system will be developed to track and monitor these inspections. The Center will direct maintenance staff to perform a comprehensive review of all equipment to identify inactive equipment that does not need to be inspected or perhaps active equipment that has been improperly designated as inactive.

DCH Follow-up Review Conclusion

The Center has partially complied with this recommendation.

The Center has made significant improvements since the OAG audit. In our examination of the preventive maintenance schedule for the two months we selected, we found that 5.5% of the tasks were not completed. The OAG found in their report that 19.2% of the tasks were not completed. The Center has developed a monitoring system for tracking preventive maintenance activities scheduled each month. The maintenance supervisor is reviewing the work performed by maintenance staff to verify the quality and completion of the work performed. The Center's accountant regularly reviews the preventive maintenance schedule listing to assure timely completion. In order for the Center to utilize this monitoring system to its fullest extent, the maintenance supervisor should determine and document why the individual tasks have not been completed.

The maintenance department intends to identify inactive equipment, that does not need to be inspected, and active equipment, that has been improperly excluded from the preventive maintenance schedule, through ongoing maintenance work and evaluation and updates to the schedule. The Center is not going to perform an initial "comprehensive review" as they do not believe it would be an effective method of identifying equipment that should be included on the preventive maintenance schedule.

8. Procurement Cards

The Center did not effectively monitor procurement card transactions to ensure that purchases were in compliance with applicable laws, regulations, and other requirements. Insufficient monitoring of procurement card transactions increases the risk that errors and irregularities could occur without the Center detecting and correcting them in a timely manner.

Recommendation

The Center effectively monitor procurement card transactions to ensure that purchases are in compliance with applicable laws, regulations, and other requirements.

DCH Preliminary Response

The Center agreed with the finding and corresponding recommendation. The Center issued a memorandum reminding all cardholders that all purchases are required to have itemized receipts. The Center instructed cardholders to make purchases only from vendors who provide itemized receipts. The Center has taken steps to ensure that all transactions are recorded on the procurement card logs; transactions are being reconciled with the billing information; purchases receive the appropriate supervisory review; and purchases of unauthorized items, such as prescriptions, are eliminated.

DCH Follow-up Review Conclusion

The Center has complied with this recommendation.

In order to verify compliance with this recommendation we selected two pay cycles for our testing and from these cycles we judgmentally selected 37 transactions for testing. This testing included review of itemized receipts, recording of transactions on the procurement logs, reconciliation of transactions to billing documents, documentation of supervisory review and approval, and the appropriateness of the transactions. We found one instance in which the cardholder did not retain the receipt for the item purchased and one instance in which the cardholder did not obtain Department of Information Technology approval to make a purchase of modems and modem cards. In our view while these two problems do indicate the need for further improvement, they do not constitute failure to comply with this recommendation. All other documentation, reconciliation, and approval appeared to have been done in accordance with applicable policy and procedure. Copies of policies and procedures governing procurement card use were obtained and reviewed, along with communication via memorandum and e-mail to Center staff instructing users in appropriate use of the procurement card.

9. Disposal of Equipment and Inventories

The Center did not dispose of all surplus equipment and inventories in accordance with State procedures. As a result, the Center did not efficiently use State resources.

Recommendation

The Center dispose of all surplus equipment and inventories in accordance with State procedures.

DCH Preliminary Response

The Center generally agreed with the finding and corresponding recommendation. The Center recognizes that it needs to increase its efforts to dispose of the surplus property in its possession. The Center has disposed of some of the property stored in Building 18 and will begin the process of identifying and disposing of property from other locations.

DCH Follow-up Conclusion

The Center has partially complied with this recommendation.

During our review we selected seven buildings, out of 47 at the Center, to examine for surplus property. Included in our selection was Building 18, which had been identified in the OAG audit report. We found the Center has disposed of property held in Building 18 in accordance with State procedures and has currently submitted requests for the disposal of laundry equipment, dental x-ray equipment, and the incinerator, located in Central Kitchen, in accordance with State procedures.

As of August 28, 2007 a salvage company is removing the laundry equipment. Washing machines have been removed, extractors have been dismantled and need to be removed, dryers and pressing/folding machines must be dismantled and removed. The Center has been unable to sell the dental x-ray equipment through DMB or through the local bidding process. They are now considering removal for scrap, but must first investigate the proper procedure for such a removal. They have no way to estimate when this process might be completed. The Center hopes to have the Central Kitchen and the incinerator demolished

during FY 08/09. During a tour of the selected buildings, we noted many items that should be disposed of or sent to surplus, but a request for disposal has not been prepared or submitted. In Building 1 we noted medical records, vacuums, appliances, furniture, file cabinets, and Christmas decorations. This building has a problem with asbestos that makes disposal of these items more difficult. In the grounds building we found five tractors, wood fencing, salt loader, desks, tools, and signs. A request for disposal of this equipment and materials was submitted to DMB, September 10, 2007, with the expectation that removal will occur in November or December 2007.

10. Medication Refunds and Rebates

The Center did not appropriately account for medications that it returned for refund or reconcile refunds with supporting documentation. Also, the Center did not reconcile vendor rebates with pharmaceutical sales totals. As a result, the Center could not determine the amount of medication that it returned for refund, if it received refunds for all returned medication, or if rebate amounts were accurate.

Recommendations

The Center appropriately account for medications that it returns for refund and reconcile refunds with supporting documentation.

The Center reconcile vendor rebates with pharmaceutical sales totals.

DCH Preliminary Response

The Center agreed with the finding and both recommendations. The Center will maintain an inventory for all non-controlled substances returned for refund, compare it to the vendor's manifest, and any discrepancies will be investigated and accounted for. The Center has registered for a free software program offered on the vendor's website and will use it to estimate the expected amount of credit. Any large discrepancies between the amount of the expected credit and the actual amount received will be promptly investigated. The Center's accounting department will use the software to confirm sale

totals and verify specific rebate amounts and will establish accounts receivable for expected refunds based on estimates, which will be used as a tool to check the status of refunds.

DCH Follow-up Conclusion

The Center has partially complied with this recommendation.

The Center has not developed a policy and/or procedure regarding the handling of medication refunds and rebates. Draft policies under development by the DCH pharmacy workgroup address the handling of medication refunds and rebates. The Center has prepared inventories of returned medications and attempted to account for medications that it returns for refund and to reconcile refunds with supporting documentation. Due to lack of detail provided with the credits received it has not been possible for the Center to reconcile the credits to specific medications returned. The reconciliation has been completed when possible to the medications returned, but generally was only done on a reasonableness basis. The Center has attempted to utilize the vendor software to estimate the receivable amounts for the returns of medications and has not found a way to verify the accuracy of the estimates. As a result, no receivable can be recorded at this time for these returns. The Center no longer receives rebates based on direct purchases made at their facility. Any rebates they currently receive are credited to the hospital by DCH Central Office, so the hospital/center has no control over this amount.

11. Work Order Monitoring

The Center needs to improve its use and monitoring of work orders to ensure that repairs and other maintenance projects are properly completed on a timely basis.

Recommendation

The Center improve its use and monitoring of work orders to ensure that repairs and other maintenance projects are properly completed on a timely basis.

DCH Preliminary Response

The Center agreed with the finding and recommendation. The Center will develop a system for work order monitoring and the accountant will ensure that work orders are entered into the system accurately, that work orders are completed on a priority basis, and that they are reasonable and necessary in light of budgetary and staffing limitations. The Center will develop procedures to ensure that all work, including emergency repairs, are entered into the system and non-essential repairs will be tracked and completed as resources become available.

DCH Follow-up Response

The Center has partially complied with this recommendation.

The Center has developed a system for work order monitoring. The maintenance clerk ensures that the work orders are entered into the system accurately and the maintenance supervisor ensures that the work orders are completed on a priority basis and that they are reasonable and necessary in light of budgetary and staffing limitations. The maintenance supervisor has not maintained documentation to substantiate why a work order has not been completed. The Center's accountant monitors the timeliness of work orders completed. The Center has developed procedures to ensure that all work, including emergency repairs, are entered into the system. The Center accountant and maintenance supervisor continue to evaluate the work order management system. Revisions were made to the current policy to enhance improvement in prioritization. This policy was revised on March 7, 2007 and was implemented on April 4, 2007. Training on use of the work order system was provided to appropriate individuals.

Monitoring of work orders is performed by the maintenance supervisor on a monthly basis. A random selection of ten work orders are tested by the supervisor for timeliness and quality of work performed. We noted that the maintenance supervisor has consistently performed this review since June 2006. We selected the month of February 2007 to review documentation of random selection, the work orders themselves, and of supervisory review. During our review we found that two of the work orders that the supervisor had

selected in his sample were not reviewed. We also found that four work orders were not completed properly (missing the start/finish date and/or time) by maintenance staff and one work order had not been turned in when completed by the maintenance staff assigned to the job. Communication with maintenance staff regarding the outcome of the random reviews would enhance performance and increase the efficiency and accuracy of paperwork completed.

In addition to the testing of supervisory review we also selected 10 work orders from January 2007 to test for proper documentation and completion. We found three work orders that did not include start/stop time and/or date of completion and one work order that was completed, but the staff member had failed to turn in the paperwork.

12. Patients' Personal Property

The Center needs to improve its controls over patients' personal property. Also, the Center did not return some personal property, including money, to discharged patients.

Recommendations

The Center improve its controls over patients' personal property.

AGAIN THAT THE CENTER RETURN ALL PERSONAL PROPERTY, INCLUDING MONEY, TO DISCHARGED PATIENTS.

DCH Preliminary Response

The Center agreed with the finding and both recommendations. The Center has developed a comprehensive policy to address these issues and it requires that all patient property is recorded on inventory sheets at the time of delivery and the receipt must be acknowledged by both staff and the patient. The accountant will perform random inventories of patient property and compare the results to the inventory sheets. All patient property has been removed from basement storage and is stored in a secure room in the warehouse. Guidelines have been developed for the accounting staff to follow when patients are

discharged to ensure that property is returned. The Center has initiated and will continue efforts to locate patients so that all funds and personal property in the Center's possession can be returned to patients who have been discharged.

DCH Follow-up Conclusion

The Center has complied with this recommendation.

The Center has developed a comprehensive policy that requires recording of all patient property on inventory sheets at the time of delivery, with receipt acknowledged by both Center staff and the patient. During our review, we verified that the Center accountant has performed random inventories of patient property. We also selected two cottages to verify that the patient property was no longer stored in the basement. We confirmed the development of guidelines for handling patient property at discharge. We did not find any problems with patient valuables that are stored in the accounting office, nor did we find any issues regarding funds being held for patients that have been discharged. We selected nine patients to verify items held in the warehouse with inventory records. For one patient selected, there were more items stored in the warehouse than were listed on the inventory sheet. For another patient, an item was missing from the warehouse that was listed on the inventory. The cottage the patient resides in also maintains their own inventory and the item was accounted for on their listing.

13. Complaints

The Center, in conjunction with DCH, had not established procedures to ensure that it properly recorded, prioritized, investigated, and responded to complaints that it received relating to Center operations. As a result, the Center could not ensure that all complaints were properly resolved on a timely basis.

Recommendation

The Center, in conjunction with DCH, establish procedures to ensure that it properly records, prioritizes, investigates, and responds to complaints that it receives relating to Center operations.

DCH Preliminary Response

DCH and the Center agreed in principle with the recommendation but not necessarily with all of the items listed as examples in support of the finding. DCH has developed, established, and implemented a general policy that provides guidance on a departmental level for handling various complaints. A committee has been established that meets at least quarterly, at a minimum, to track, monitor, and ensure the appropriate handling of complaints. The director of the Bureau of Resource Services designated has been designated as the committee chair.

DCH Follow-up Conclusion

The Center has complied with this recommendation.

The Center has developed an internal complaint tracking system. In addition to that system, the Center updated/revised their complaint handling process August 1, 2006 with implementation September 25, 2006. DCH has also developed a complaint database, approved for use March 9, 2007. Department policy regarding the handling of complaints was made effective June 28, 2006. The policy was reaffirmed in a memo sent, by the director, April 1, 2007, to all DCH employees. DCH has also established a Complaint Committee that has been meeting quarterly since May 2006 to monitor complaints received by DCH. The complaint system is functioning in an appropriate manner.

Glossary of Acronyms and Terms

Center	Caro Center
Crib	Secured storage area where tools or other maintenance supplies are held.
DCH	Department of Community Health
Developmental Disability	A severe, chronic condition that is attributable to a mental or physical impairment or a combination of mental and physical impairments; manifests before the individual is 22 years old; and is likely to continue indefinitely. This condition results in substantial functional limitations of major life activities.
Drug Formulary	A listing of therapeutic agents approved for use by the Center's Pharmacy and Therapeutics Committee.
Medicare	A federal government-operated healthcare program for the elderly and certain younger people with disabilities funded by federal money.
Mental Illness	A substantial disorder of thought or mood that significantly impairs an individual's judgment, behavior, capacity to recognize reality, or ability to cope with the ordinary demands of life.
Mission	The agency's main purpose or the reason that the agency was established.
NGRI	Not guilty by reason of insanity
OAG	Office of Auditor General
Performance Audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
Procurement Card	A credit card issued to State employees for purchasing commodities and services in accordance with State purchasing policies.
ULOA	Unauthorized leave of absence